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CHOOSING THE BEST ALTERNATIVE TO RUN A CULINARY BUSINESS USING SIMPLE MULTI ATTRIBUTE RATING TECHNIQUE: THE CASE OF DEMI KAMU CAFE

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Abstract

The growing trend of culinary business in Kediri area triggered one of its youth, Della, to create one, named Demi Kamu. In spite of the type of food sold, the price, the decoration, the location is an important aspect that can affect sales of a restaurant. According to Forbes, if someone's thinking about opening a coffee shop or bistro, location is everything. This research was performed using qualitative method. According the in-depth interview by using root cause analysis with the owner, she already had three alternatives to establish the cafe, which are Ruko Mojoroto, Ruko Kawi, and Old House. This research evaluates all alternatives based on pre-determined attributes by using Simple Multi Attribute Rating Technique (SMART). If the decision maker's extra value point < Rp41.906.846 then the decision maker should choose Ruko Mojoroto and if not then the decision maker should choose Old House. After some calculation, the result is Rp6.161.971/point. The owner then should choose Ruko Mojoroto as the best alternative. Lesson learned from this study was that it was true location is the most important thing to establish a restaurant. The use of SMART analysis was really effective in choosing on of some alternatives given.

Keywords: SMART, Root cause analysis, Fishbone diagram, Decision analysis, Culinary business

Introduction

The trend of culinary business nowadays has been increased in some cities in Indonesia. According to Ali in Setyanti (2012), culinary business is one of the popular choices of business among people because it is the kind of business that more easily done than other businesses. However, the culinary business also classified as complicated business because it requires a lot of innovation and creativity. Therefore, the strategies are essential to continue the competition in this industry, although the scope is in small businesses.

The researcher choose to study one of the example of culinary businesses owned by three youth from Kediri called Demi Kamu Cafe. The reason why research chose Demi Kamu Cafe is because the researcher interested with the purpose of Demi Kamu Cafe. Beside the cafe idea, Demi Kamu Cafe also provided a workspace. Thus, people who came to Demi Kamu Cafe not only for eating or just hangout, but also could be more productive. It gave positive effect to youngsters around Kediri because they could hangout with friends and be more productive at the same time.

After Della Artha Kinanti graduated from Universitas Merdeka in Malang, she work in some small companies around Kediri and Surabaya, but she felt that working in as an employee in a company

can not satisfy her desire, therefore she choose the path to become an entrepreneur. Della who has a big motivation to develop her hometown, Kediri, started to sell muslimah garments which is made by local industry to customer outside Java in early 2015. On the same year, she realize that culinary businesses in Kediri are really well-developed. Thus, she seeked an opportunity in establishing culinary business there.

As culinary business emerges, many people started to establish their own restaurant. Della, a 25 years old entrepreneur newbie, said that ever since the Kediri Town Square shopping mall opened in 2011, number of cafes and restaurants has been increased rapidly in Kediri City. This was proven by the number of gross regional domestic product of Kediri current market prices by industrial year 2007-2013, which in 2011 there is a significant increase in the sub-sector restaurant. The enhancement reach 19.94% from year 2010 to 2011. That number considered high compared to the increase on year 2007 to 2010 which only reached 12.06%-12.79%. Even though the sub-sector restaurant experienced a downfall to 11.25% in 2012, it was uprised again in 2013 to 20.15% (Produk Domestik Kota Kediri, 2007-2008).

Seeing this golden opportunity in culinary business, earlier in 2016, she has plan to establish her own culinary business which will be named as Demi Kamu Cafe. To strengthen the plan, she invite her friends, Zein Mustain and Evin Kartina Fatris, to join the team. Zein graduated from Sekolah Tinggi Pariwisata Bandung majoring in culinary art. Aside from his experience from becoming a chef in Dubai, Zein shares the same vision with Della to develop their hometown, especially in culinary sector. Later, Zein becomes the head chef of Demi Kamu Cafe. The other one is Evin Kartina Fatris which graduated from School of Business and Management Institut Teknologi Bandung. She then become head of marketing in the team.

As mentioned above, creating a culinary business is not an easy job. The owner of Demi Kamu Café wants to figure out about the perfect plan to success in culinary business. After building a team for the project, the team started to discuss over things on March 2016. Demi Kamu will focused on establishing a cafe and workspace. It is planned to become a meeting point for most youngsters around Kediri.

In spite of the type of food sold, the price, the decoration, the location is an important aspect that can affect sales of a restaurant. A great location can attract more customers; however the cost to get the best location is also high. There are also other aspects that could be decisive in choosing the location for the restaurant.

According to tigerchef.com in 2017, the location of food service business would impact its success nearly as much as the menu. If a restaurant was in the wrong place, it wouldn't attract the amount of customers which is needed in order to stay in business. The same was true if your location is inundated with competitors, or has poor visibility, or is hard to find. Knowing the target market was a must since a specific target market would be around some areas. Therefore, picking a place which was close to the targeted market is the most important thing. The second thing was that a restaurant suggested to be close with a high traffic area. The more pedestrian cross on that area the more it would attract the crowd.

If someone's thinking about opening a coffee shop or bistro, location is everything (Craig, 2015). Restaurant expert, Lorri Mealy, explains that one reason restaurants fail is a poor choice in location. She said a bad location is one of the biggest, if not the biggest, reason restaurants fail.

Quoted from the official website of London School of Public Relation – LSPR (2013) there are several aspect that important in starting culinary business: (1) Determine the product to sell, (2)

determine location, (3) set the price, (4) determine marketing strategy and (5) perform financial records. In determining those aspects, a business at least has several options that can be compared to obtain the best result.

As the Demi Kamu Cafe team planned to make the cafe become a meeting point for most youngsters around Kediri City, they agreed that choosing the most suitable location is an important aspect to succeed the plan. Thus, with the proposed alternative locations from the owner, the team wanted to find out the best alternative to build this culinary business. This study evaluated all available alternatives to establish the cafe. It was based on pre-determined objective and attributes then there was one best alternative get selected.

Methods

This research was done by the guideline decision analysis method which consist of problem identification, specifying objectives and attributes, generating alternatives, selecting alternatives, evaluation, and conclusion.

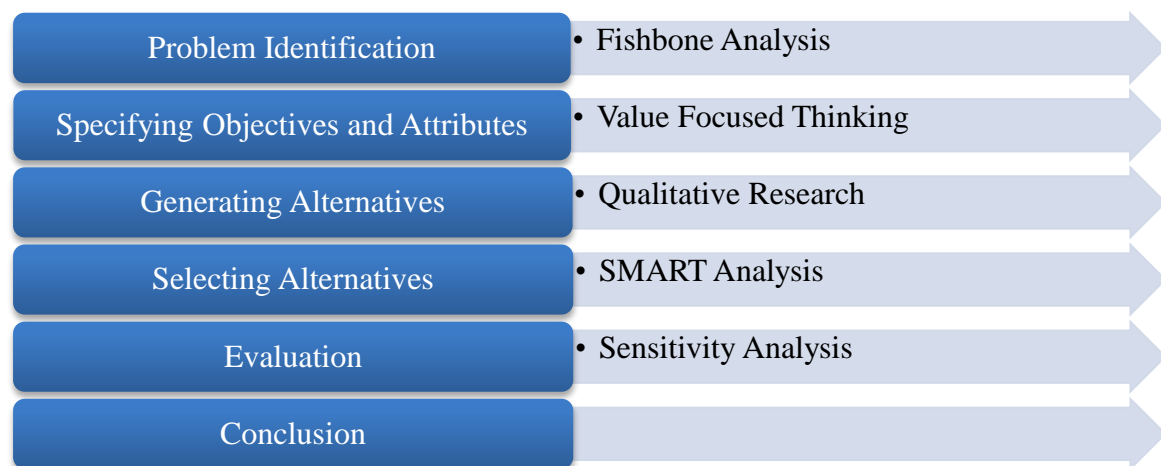


Figure 1. Research Design

Problem Identification

The first step was to identify the problem of Demi Kamu. Researcher reflected to the thing that actually happen and find the root cause. In this case, researcher used in-depth interview which later put into fishbone diagram. The fishbone diagram was to ease the researcher in finding the root cause of all problems. The fisbone diagram below shows the root cause of Demi Kamu's main problem.

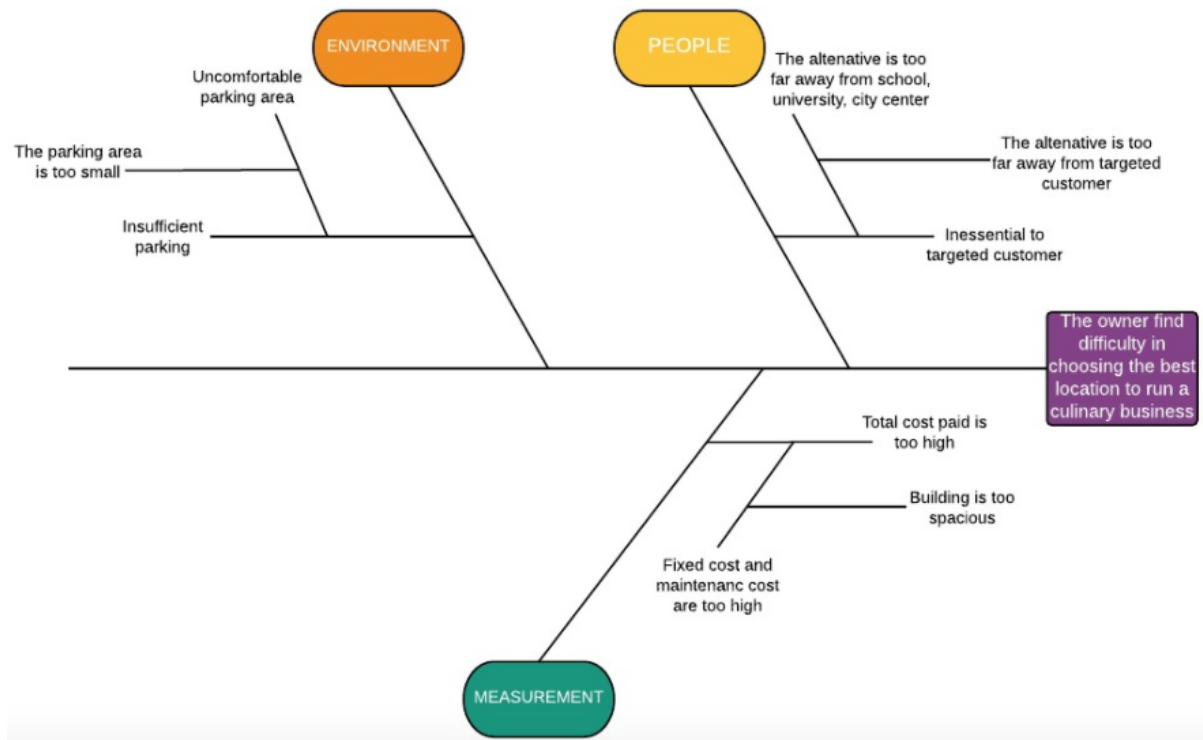


Figure 2. Fishbone Analysis of Demi Kamu Cafe

Problem Identification

The objectives and attributes were specified by value focused thinking. Value focused thinking techniques differ from alternative based techniques since the latter approach considers the best of the available alternatives (Keeney, 1992). The best alternatives can be seen after using the value tree. procedure used in multiple criteria decision analysis in which objectives are arranged hierarchically such that top-level objectives may have other objectives or desired attributes within them, which may in turn have other lower-level attributes. Value Tree shows how higher order objectives are linked to sub-objectives and eventually to performance measures or attributes. In this step, the owner of Demi Kamu should mention the cost and benefit they would face when running the business.

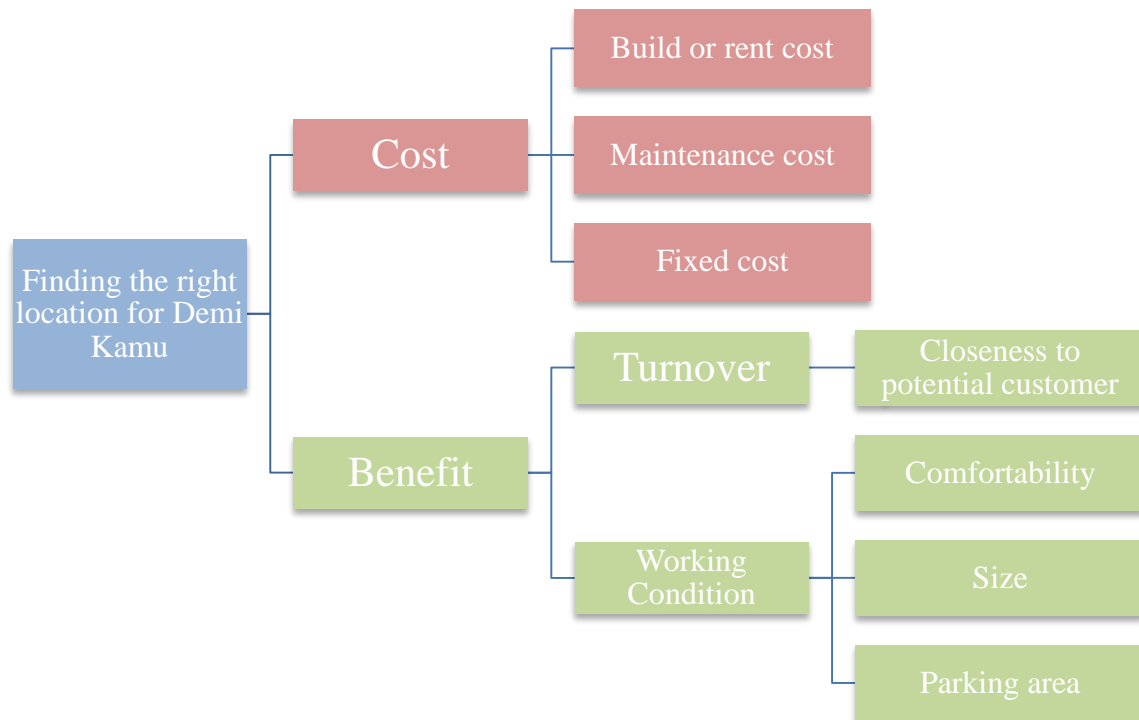


Figure 3. Value Tree of Demi Kamu Cafe

Generating Alternatives

Alternatives were generated by conducting another in-depth interview. The interview took place in one of Demi Kamu owner's house on Juni 7, 2016. This was to find the thing Demi Kamu want to do so that it would be clear and there would not be any biased. After researcher interviewed the owner, here are the chosen alternatives (locations):

- Rent a new store located in Ruko Perumahan Mojoroto Indah No.1F, Mojoroto.
- Rent an new store located in Ruko Jalan Kawi No.44A, Mojoroto.
- Renovate an old house (owner's property) located in Jalan KDP Slamet No.41, Mojoroto.

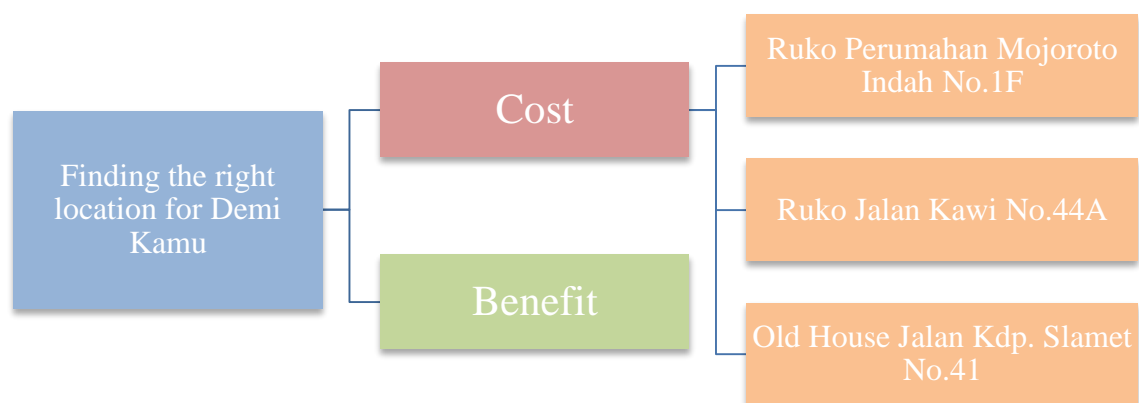


Figure 4. Objectives and Alternatives of Demi Kamu Cafe

SMART Analysis

After the objectives and alternatives had been generated the next step was to do SMART analysis. SMART analysis was to choose the best alternative for Demi Kamu that able to find a right and ideal location for the Demi Kamu.

Evaluation

After done with the SMART analysis, the last step was to test the decision by using sensitivity analysis. In this step, different conditions and circumstances were applied to make sure the decision maker get a definite decision.

Result and Discussion

SMART Analysis

Before we come to the final conclusion, a provisional decision made in order to overview the whole decision.

Table 1.
Calculation of the Privisional Decision

Location	Total Cost	Aggregate of Benefit
Ruko Mojoroto (A)	Rp499.464.000	55.92
Ruko Kawi (B)	Rp569.908.000	48.04
Old House (C)	Rp591.240.000	58.11

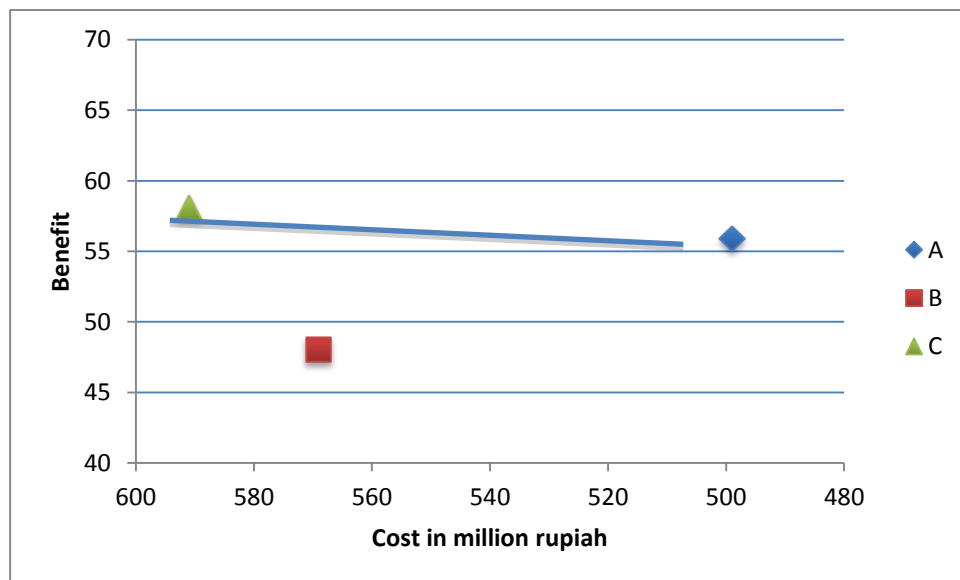


Figure 5.
Graphic of Provisional Decision

		C	
		Rp591.240.000	58.11
A	Rp499.464.000	Rp91.776.000	
	55.92		2.19

The calculation of extra value point is shown below:

$$\begin{aligned}\text{Extra Value Point} &= \text{Rp}91.776.000 / 2.19 \\ &= \text{Rp}41.906.846\end{aligned}$$

Decision maker needs to compare alternative C and A which are Old House and Ruko Moajoroto. The conditions are listed below:

- If the decision maker's extra value point < Rp41.906.846 then the decision maker should choose Ruko Moajoroto
- If the decision maker's extra value point > Rp41.906.846 then the decision maker should choose Old House

According the owner, the most important benefit is closeness to potential customer with the weight of 28.4. The owner believed that the difference from the furthest to the nearest potential customer is worth as much as Rp175.000.000. As for the final decision, here is the calculation.

$$\frac{175.000.000}{28.4} = \text{Rp}6.161.971/\text{point}$$

Thus, the owner chose alternative A, which is Ruko Moajoroto. The reason is because the calculation shows that it is below the extra value point. There is no further do such as sensitivity analysis because the owner already sure about her choice.

Conclusion

Through this research, researcher found that every alternative has its own trade-off. To answer the research questions, here are the conclusions of this research.

1. Attribute for selecting location for Demi Kamu Café:
 - a. Total cost
The total cost includes rent cost, maintenance cost, and fixed cost.
 - b. Closeness to potential customer
In this study, the potential customer is high school student, college student, and young executive who live near the city centre. Thus, closeness to potential customer can be calculated through alternative's distance from the nearest high school, the nearest university, and city centre.
 - c. Comfortability
The comfortability factor also played an important role here since people would love a cafe where they can spend more time in. The more comfortable the cafe is the more they would spend their time.
 - d. Size
A spacious place is a need because the more spacious it is the better it would be. This was because a spacious place can be a really convenient place where you could enjoy your time there.
 - e. Parking area
A sufficient parking area can attract more customers since they would gladly spend their time more in the cafe without getting worry for not having a place to park their vehicle.
2. To choose the best alternative for location of Demi Kamu Café, the decision maker could choose between two alternatives in frontier line from the provisional decision calculation. The frontier line was between alternative (A) Ruko Moajoroto and (C) Old House. As we can see from the Figure 4.2, the difference between (A) to (C) was significant with almost Rp100.000.000 difference. Meanwhile, the aggregate of benefit value from (A) to (C) is not notable. It was only increase from 55.92 to 58.11 value of benefit. The final decision would be back to the decision maker, in this study is the owner of Demi Kamu Café, Della Artha Kinanti..

Recommendation

According to the provisional decision calculation, the result shown that the most suitable alternative is Ruko Mojoroto. Even though it is the smallest if we see it from the building size, it does not mean anything because size is not the most important attribute according to the decision maker. With that small size of area, it will cost less than other alternatives. Ruko Mojoroto also has the largest parking area and gets the highest value in comfortability. That place also come to second place in closeness to potential customer, in which that attribute is the most important attribute on this research.

Summarized from all the facts stated above, research recommends Ruko Mojoroto as the best alternative to build Demi Kamu cafe.

Lesson Learned

There were several things research can learn from this study which are:

1. Choosing the right location is the most important thing if someone want to establish a restaurant.
2. SMART analsis method was proven to be effective in choosing one ultimate choice from several alternatives.

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